

AMENDED IN ASSEMBLY FEBRUARY 14, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1798**

**Introduced by Assembly Member Berg**  
**(Principal coauthor: Assembly Member Evans)**

(Principal coauthor: Senator Chesbro)

*(Coauthors: Assembly Members Blakeslee, Nation, Nava, and Wolk)*

January 9, 2006

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An act to amend Section 8686 of the Government Code, and to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.101, 195.102, and 195.103 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1798, as amended, Berg. Disaster relief.

~~(1) Under the Natural Disaster Assistance Act, the state share for eligible project costs is generally 75% of total eligible costs, and for specific incidents, the state share is set at 100% of total eligible state costs.~~

~~This bill would include as eligible for allocations under those provisions the severe storms, flooding, debris flows, and mudslides that occurred during December 2005 and January 2006 inclusive, in northern California.~~

~~(2)~~

~~(1) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application of the assessee or upon~~

the action of the county assessor with the board's approval. With respect to certain counties that have adopted reassessment ordinances and have been declared by the Governor to be in a state of emergency as a result of certain events, existing law provides for state allocations of the estimated amounts of the reductions in property tax revenues resulting in certain fiscal years from reassessments under those ordinances. Existing law also continuously appropriates, without regard to fiscal years, moneys in the Special Fund for Economic Uncertainties for purposes of funding these state allocations.

This bill would provide for similar state allocations with respect to property tax revenue reductions, resulting from a reassessment ordinance, incurred by the Counties of *Alameda, Alpine, Amador, Butte, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Marin, Mendocino, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, and Sutter, Trinity, Tulare, Yolo, and Yuba*, which were declared by the Governor to be in a state of emergency as a result of a series of severe rainstorms ~~that occurred commencing in those counties during on December 19, 2005 and January 2006~~. By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing these counties for these property tax revenue reductions, this bill would make an appropriation.

(3)

(2) Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' property tax exemption in the amount of \$7,000 of the full value of a "dwelling," as defined.

This bill would provide that any dwelling that qualified for the exemption prior to December ~~23~~ 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, ~~during December 2005 or in~~ January 2006, and that has not changed ownership since December ~~23~~ 19, 2005, may not be denied the exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out and damaged roads.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act. By requiring local tax officials to implement new exemption criteria, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(4)

(3) The Personal Income Tax Law and the Corporation Tax Law provide for the carryover to specified taxable years of specified losses sustained as a result of certain disasters occurring in California in an area determined by the President of the United States to warrant specified federal assistance, or proclaimed by the Governor to be in a state of emergency.

This bill would extend these provisions to losses sustained in the Counties of *Alameda, Alpine, Amador, Butte, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Marin, Mendocino, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, and Sutter, Trinity, Tulare, Yolo, and Yuba* as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005 or January 2006. This bill would also authorize a taxpayer to make an election to claim a deduction for those losses on the tax return for the preceding year.

(5)

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 8686 of the Government Code is~~  
2     ~~amended to read:~~

3     ~~8686. (a) For any eligible project, the state share shall~~  
4     ~~amount to no more than 75 percent of total state eligible costs.~~

5     ~~(b) Notwithstanding subdivision (a), the state share shall be up~~  
6     ~~to 100 percent of total state eligible costs connected with the~~  
7     ~~following events:~~

8     ~~(1) The October 17, 1989, Loma Prieta earthquake.~~

9     ~~(2) The October 20, 1991, East Bay fire.~~

10    ~~(3) The fires that occurred in southern California from October~~  
11    ~~1, 1993, to November 30, 1993, inclusive.~~

12    ~~(4) The January 17, 1994, Northridge earthquake.~~

13    ~~(5) Storms that occurred in California during the periods~~  
14    ~~commencing January 3, 1995, and February 13, 1995, as~~  
15    ~~specified in agreements between this state and the United States~~  
16    ~~for federal financial assistance.~~

17    ~~(6) The storms that occurred in California in December of~~  
18    ~~1996 and early January of 1997, as specified in agreements~~  
19    ~~between this state and the United States for federal financial~~  
20    ~~assistance.~~

21    ~~(7) The winter storms and flooding that occurred from~~  
22    ~~February 1, 1998, to April 30, 1998, inclusive, as specified in~~  
23    ~~agreements between this state and the United States for federal~~  
24    ~~financial assistance.~~

25    ~~(8) The wildfires that occurred in southern California~~  
26    ~~commencing October 21, 2003, as specified in agreements~~  
27    ~~between this state and the United States for federal financial~~  
28    ~~assistance.~~

29    ~~(9) The December 22, 2003, San Simeon earthquake, as~~  
30    ~~specified in agreements between this state and the United States~~  
31    ~~for federal financial assistance.~~

32    ~~(10) The severe storms, flooding, debris flows, and mudslides~~  
33    ~~that occurred during December 27, 2004, to January 11, 2005,~~  
34    ~~inclusive, in southern California, as specified in agreements~~  
35    ~~between this state and the United States for federal financial~~  
36    ~~assistance.~~

37    ~~(11) The severe storms, flooding, landslides, and mud and~~  
38    ~~debris flows that occurred in southern California during the~~

1 ~~period from February 16 to February 23, 2005, inclusive, as~~  
2 ~~specified in agreements between this state and the United States~~  
3 ~~for federal financial assistance.~~

4 ~~(12) The severe storms, flooding, landslides, and mud and~~  
5 ~~debris flows that occurred in northern California during~~  
6 ~~December 2005 and January 2006, inclusive, as specified in~~  
7 ~~agreements between this state and the United States for federal~~  
8 ~~financial assistance.~~

9 ~~(e) For any federally declared disaster subsequent to January~~  
10 ~~1, 1995, that the Legislature has designated in subdivision (b),~~  
11 ~~the state shall assume the increased share specified in subdivision~~  
12 ~~(b) in those cases where the Federal Emergency Management~~  
13 ~~Agency or another applicable federal agency has approved the~~  
14 ~~federal share of costs.~~

15 ~~(d) The state shall make no allocation for any project~~  
16 ~~application resulting in a state share of less than two thousand~~  
17 ~~five hundred dollars (\$2,500) under this section.~~

18 ~~SEC. 2.~~

19 *SECTION 1.* Section 195.101 is added to the Revenue and  
20 Taxation Code, to read:

21 195.101. (a) In fiscal year 2005-06, the auditors of the  
22 Counties of ~~Del Norte, Humboldt, Lake, Mendocino, Napa,~~  
23 ~~Sonoma, and Trinity~~ *Alameda, Alpine, Amador, Butte, Colusa,*  
24 *Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings,*  
25 *Lake, Lassen, Marin, Mendocino, Napa, Nevada, Placer,*  
26 *Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo,*  
27 *Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter,*  
28 *Trinity, Tulare, Yolo, and Yuba,* which counties were the subject  
29 of the Governor's proclamations of a state of emergency for the  
30 severe rainstorms that ~~occurred in December 2005 and January~~  
31 ~~2006 that commenced December 19, 2005, and~~ caused flash  
32 floods, mudslides, the accumulation of debris, and that washed  
33 out and damaged roads in those counties, shall certify to the  
34 Director of Finance an estimate of the total amount of the  
35 reduction in property tax revenues on both the regular secured  
36 roll and the supplemental roll for the 2005-06 fiscal year  
37 resulting from the reassessment by the county assessor pursuant  
38 to paragraph (1) of subdivision (a) of Section 170 of those  
39 properties that are eligible properties as a result of that disaster,  
40 except that the amount certified shall not include any estimated

1 property tax revenue reductions to school districts, other than  
2 basic state aid school districts, and county offices of education.

3 (b) For purposes of this section, “basic state aid school  
4 district” means any school district that does not receive a state  
5 apportionment pursuant to subdivision (h) of Section 42238 of  
6 the Education Code, but receives from the state only a basic  
7 apportionment pursuant to Section 6 of Article IX of the  
8 California Constitution.

9 ~~SEC. 3.~~

10 *SEC. 2.* Section 195.102 is added to the Revenue and  
11 Taxation Code, to read:

12 195.102. After the county auditor of an eligible county, as  
13 described in Section 195.101, has made the applicable  
14 certification to the Director of Finance pursuant to that section,  
15 the director shall, within 30 days after verification of the county  
16 auditor’s estimate, certify this amount to the Controller for  
17 allocation to the county. Upon receipt of certification from the  
18 Director of Finance, the Controller shall make the appropriate  
19 allocation to the county within 10 working days.

20 ~~SEC. 4.~~

21 *SEC. 3.* Section 195.103 is added to the Revenue and  
22 Taxation Code, to read:

23 195.103. (a) On or before June 30, 2007, each eligible  
24 county, as described in Section 195.101, shall compute and remit  
25 to the Controller for deposit in the General Fund an amount equal  
26 to the amount allocated to it by the Controller pursuant to Section  
27 ~~195.101~~ 195.102, less the actual amount of its property tax  
28 revenue lost on the regular secured and supplemental rolls with  
29 respect to those eligible properties described in Section 195.101  
30 as a result of the reassessment of those properties pursuant to  
31 paragraph (1) of subdivision (a) of Section 170, excluding any  
32 property tax revenue lost by school districts, other than basic  
33 state aid school districts, and county offices of education. If the  
34 actual amount of property tax revenue lost by an eligible county  
35 in the immediately preceding fiscal year, as described and limited  
36 in the preceding sentence, exceeds the amount allocated by the  
37 Controller to that county pursuant to Section 195.102, the  
38 Controller shall allocate the amount of that excess to that eligible  
39 county.

(b) For purposes of this section, “basic state aid school district” means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

~~SEC. 5.~~

SEC. 4. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners’ property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran’s exemption.

(c) For purposes of this section, all of the following apply:

(1) “Owner” includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) “Dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) “Dwelling” includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed

1 pursuant to this subdivision shall be deducted from the total  
2 assessed valuation of the cooperative housing corporation. The  
3 exemption shall be taken into account in apportioning property  
4 taxes among owners of share or membership interests in the  
5 cooperative housing corporations so as to benefit those owners  
6 who qualify for the exemption.

7 (d) Any dwelling that qualified for an exemption under this  
8 section prior to October 20, 1991, that was damaged or destroyed  
9 by fire in a disaster, as declared by the Governor, occurring on or  
10 after October 20, 1991, and before November 1, 1991, and that  
11 has not changed ownership since October 20, 1991, shall not be  
12 disqualified as a “dwelling” or be denied an exemption under this  
13 section solely on the basis that the dwelling was temporarily  
14 damaged or destroyed or was being reconstructed by the owner.

15 (e) Any dwelling that qualified for an exemption under this  
16 section prior to October 15, 2003, that was damaged or destroyed  
17 by fire or earthquake in a disaster, as declared by the Governor,  
18 during October, November, or December 2003, and that has not  
19 changed ownership since October 15, 2003, shall not be  
20 disqualified as a “dwelling” or be denied an exemption under this  
21 section solely on the basis that the dwelling was temporarily  
22 damaged or destroyed or was being reconstructed by the owner.

23 (f) Any dwelling that qualified for an exemption under this  
24 section prior to June 3, 2004, that was damaged or destroyed by  
25 flood in a disaster, as declared by the Governor, during June  
26 2004, and that has not changed ownership since June 3, 2004,  
27 shall not be disqualified as a “dwelling” or be denied an  
28 exemption under this section solely on the basis that the dwelling  
29 was temporarily damaged or destroyed or was being  
30 reconstructed by the owner.

31 (g) Any dwelling that qualified for an exemption under this  
32 section prior to August 11, 2004, that was damaged or destroyed  
33 by the wildfires and any other related casualty that occurred in  
34 Shasta County in a disaster, as declared by the Governor, during  
35 August 2004, and that has not changed ownership since August  
36 11, 2004, shall not be disqualified as a “dwelling” or be denied  
37 an exemption under this section solely on the basis that the  
38 dwelling was temporarily damaged or destroyed or was being  
39 reconstructed by the owner.



(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 23 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor ~~during December 2005 or~~ in January 2006, and that has not changed ownership since December 23 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed out or damaged roads.

(j) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

~~SEC. 6.~~

SEC. 5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

- 1 (3) Any loss sustained during 1987 as a result of a forest fire  
2 or any other related casualty.
- 3 (4) Earthquake, aftershock, or any other related casualty  
4 occurring in 1987 in California.
- 5 (5) Earthquake, aftershock, or any other related casualty  
6 occurring in 1989 in California.
- 7 (6) Any loss sustained during 1990 as a result of fire or any  
8 other related casualty in California.
- 9 (7) Any loss sustained as a result of the Oakland/Berkeley Fire  
10 of 1991, or any other related casualty.
- 11 (8) Any loss sustained as a result of storm, flooding, or any  
12 other related casualty occurring in February 1992 in California.
- 13 (9) Earthquake, aftershock, or any other related casualty  
14 occurring in April 1992 in the County of Humboldt.
- 15 (10) Riots, arson, or any other related casualty occurring in  
16 April or May 1992 in California.
- 17 (11) Any loss sustained as a result of the earthquakes that  
18 occurred in the County of San Bernardino in June and July of  
19 1992, or any other related casualty.
- 20 (12) Any loss sustained as a result of the Fountain Fire that  
21 occurred in the County of Shasta, or as a result of either of the  
22 fires in the Counties of Calaveras and Trinity that occurred in  
23 August 1992, or any other related casualty.
- 24 (13) Any loss sustained as a result of storm, flooding, or any  
25 other related casualty that occurred in the Counties of Alpine,  
26 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,  
27 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,  
28 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,  
29 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of  
30 Fillmore in January 1993.
- 31 (14) Any loss sustained as a result of a fire that occurred in the  
32 Counties of Los Angeles, Orange, Riverside, San Bernardino,  
33 San Diego, and Ventura, during October or November of 1993,  
34 or any other related casualty.
- 35 (15) Any loss sustained as a result of the earthquake,  
36 aftershocks, or any other related casualty that occurred in the  
37 Counties of Los Angeles, Orange, and Ventura on or after  
38 January 17, 1994.

1 (16) Any loss sustained as a result of a fire that occurred in the  
2 County of San Luis Obispo during August of 1994, or any other  
3 related casualty.

4 (17) Any loss sustained as a result of the storms or flooding  
5 occurring in 1995, or any other related casualty, sustained in any  
6 county of this state subject to a disaster declaration with respect  
7 to the storms and flooding.

8 (18) Any loss sustained as a result of the storms or flooding  
9 occurring in December 1996 or January 1997, or any related  
10 casualty, sustained in any county of this state subject to a disaster  
11 declaration with respect to the storms or flooding.

12 (19) Any loss sustained as a result of the storms or flooding  
13 occurring in February 1998, or any related casualty, sustained in  
14 any county of this state subject to a disaster declaration with  
15 respect to the storms or flooding.

16 (20) Any loss sustained as a result of a freeze occurring in the  
17 winter of 1998–99, or any related casualty, sustained in any  
18 county of this state subject to a disaster declaration with respect  
19 to the freeze.

20 (21) Any loss sustained as a result of an earthquake occurring  
21 in September 2000, that was included in the Governor’s  
22 proclamation of a state of emergency for the County of Napa.

23 (22) Any loss sustained as a result of the Middle River levee  
24 break in San Joaquin County occurring in June 2004.

25 (23) Any losses sustained as a result of the fires that occurred  
26 in the Counties of Los Angeles, San Bernardino, Riverside, San  
27 Diego, and Ventura in October and November 2003, or as a  
28 result of floods, mudflows, and debris flows, directly related to  
29 fires.

30 (24) Any losses sustained in the Counties of Santa Barbara and  
31 San Luis Obispo as a result of the San Simeon earthquake,  
32 aftershocks, and any other related casualties.

33 (25) Any losses sustained as a result of the wildfires that  
34 occurred in Shasta County, commencing August 11, 2004, and  
35 any other related casualty.

36 (26) Any loss sustained in the Counties of Kern, Los Angeles,  
37 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,  
38 and Ventura as a result of the severe rainstorms, related flooding  
39 and slides, and any other related casualties, that occurred in

1 December 2004, January 2005, February 2005, March 2005, or  
2 June 2005.

3 (27) Any loss sustained in the Counties of ~~Del Norte,~~  
4 ~~Humboldt, Lake, Mendocino, Napa, Sonoma, and Trinity~~  
5 *Alameda, Alpine, Amador, Butte, Colusa, Contra Costa, Del*  
6 *Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen,*  
7 *Marin, Mendocino, Napa, Nevada, Placer, Plumas, Sacramento,*  
8 *San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta,*  
9 *Sierra, Siskiyou, Solano, Sonoma, Sutter, Trinity, Tulare, Yolo,*  
10 *and Yuba* as a result of the severe rainstorms, related flooding  
11 and slides, and any other related casualties, that occurred in  
12 December 2005 or January 2006.

13 (b) (1) In the case of any loss allowed under Section 165(c) of  
14 the Internal Revenue Code, relating to limitation of losses of  
15 individuals, any excess disaster loss shall be carried forward to  
16 each of the five taxable years following the taxable year for  
17 which the loss is claimed. However, if there is any excess  
18 disaster loss remaining after the five-year period, then the  
19 applicable percentage, as set forth in paragraph (1) of subdivision  
20 (b) of Section 17276, of that excess disaster loss shall be carried  
21 forward to each of the next 10 taxable years.

22 (2) The entire amount of any excess disaster loss as defined in  
23 subdivision (c) shall be carried to the earliest of the taxable years  
24 to which, by reason of subdivision (b), the loss may be carried.  
25 The portion of the loss which shall be carried to each of the other  
26 taxable years shall be the excess, if any, of the amount of excess  
27 disaster loss over the sum of the adjusted taxable income for each  
28 of the prior taxable years to which that excess disaster loss is  
29 carried.

30 (c) "Excess disaster loss" means a disaster loss computed  
31 pursuant to Section 165 of the Internal Revenue Code which  
32 exceeds the adjusted taxable income of the year of loss or, if the  
33 election under Section 165(i) of the Internal Revenue Code is  
34 made, the adjusted taxable income of the year preceding the loss.

35 (d) The provisions of this section and Section 165(i) of the  
36 Internal Revenue Code shall be applicable to any of the losses  
37 listed in subdivision (a) sustained in any county or city in this  
38 state which was proclaimed by the Governor to be in a state of  
39 disaster.

1 (e) Losses allowable under this section may not be taken into  
2 account in computing a net operating loss deduction under  
3 Section 172 of the Internal Revenue Code.

4 (f) For purposes of this section, “adjusted taxable income”  
5 shall be defined by Section 1212(b)(2)(B) of the Internal  
6 Revenue Code.

7 (g) For losses described in paragraphs (15) to—(26) (27),  
8 inclusive, of subdivision (a), the election under Section 165(i) of  
9 the Internal Revenue Code may be made on a return or amended  
10 return filed on or before the due date of the return (determined  
11 with regard to extension) for the taxable year in which the  
12 disaster occurred.

13 ~~SEC. 7.~~

14 *SEC. 6.* Section 24347.5 of the Revenue and Taxation Code  
15 is amended to read:

16 24347.5. (a) An excess disaster loss, as defined in  
17 subdivision (c), shall be carried to other taxable years as provided  
18 in subdivision (b), with respect to losses resulting from any of the  
19 following disasters:

20 (1) Forest fire or any other related casualty occurring in 1985  
21 in California.

22 (2) Storm, flooding, or any other related casualty occurring in  
23 1986 in California.

24 (3) Any loss sustained during 1987 as a result of a forest fire  
25 or any other related casualty.

26 (4) Earthquake, aftershock, or any other related casualty  
27 occurring in October 1987 in California.

28 (5) Earthquake, aftershock, or any other related casualty  
29 occurring in October 1989 in California.

30 (6) Any loss sustained during 1990 as a result of fire or any  
31 other related casualty in California.

32 (7) Any loss sustained as a result of the Oakland/Berkeley Fire  
33 of 1991, or any other related casualty.

34 (8) Any loss sustained as a result of storm, flooding, or any  
35 other related casualty occurring in February 1992 in California.

36 (9) Earthquake, aftershock, or any other related casualty  
37 occurring in April 1992 in the County of Humboldt.

38 (10) Riots, arson, or any other related casualty occurring in  
39 April or May 1992 in California.

1 (11) Any loss sustained as a result of the earthquakes or any  
2 other related casualty that occurred in the County of San  
3 Bernardino in June and July of 1992.

4 (12) Any loss sustained as a result of the Fountain Fire that  
5 occurred in the County of Shasta, or as a result of either of the  
6 fires in the Counties of Calaveras and Trinity that occurred in  
7 August 1992, or any other related casualty.

8 (13) Any loss sustained as a result of storm, flooding, or any  
9 other related casualty that occurred in the Counties of Alpine,  
10 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,  
11 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,  
12 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,  
13 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of  
14 Fillmore in January 1993.

15 (14) Any loss sustained as a result of a fire that occurred in the  
16 Counties of Los Angeles, Orange, Riverside, San Bernardino,  
17 San Diego, and Ventura, during October or November of 1993,  
18 or any other related casualty.

19 (15) Any loss sustained as a result of the earthquake,  
20 aftershocks, or any other related casualty that occurred in the  
21 Counties of Los Angeles, Orange, and Ventura on or after  
22 January 17, 1994.

23 (16) Any loss sustained as a result of a fire that occurred in the  
24 County of San Luis Obispo during August of 1994, or any other  
25 related casualty.

26 (17) Any loss sustained as a result of the storms or flooding  
27 occurring in 1995, or any other related casualty, sustained in any  
28 county of this state subject to a disaster declaration with respect  
29 to the storms and flooding.

30 (18) Any loss sustained as a result of the storms or flooding  
31 occurring in December 1996 or January 1997, or any related  
32 casualty, sustained in any county of this state subject to a disaster  
33 declaration with respect to the storms or flooding.

34 (19) Any loss sustained as a result of the storms or flooding  
35 occurring in February 1998, or any related casualty, sustained in  
36 any county of this state subject to a disaster declaration with  
37 respect to the storms or flooding.

38 (20) Any loss sustained as a result of a freeze occurring in the  
39 winter of 1998–99, or any related casualty, sustained in any

1 county of this state subject to a disaster declaration with respect  
2 to the freeze.

3 (21) Any loss sustained as a result of an earthquake occurring  
4 in September 2000, that was included in the Governor's  
5 proclamation of a state of emergency for the County of Napa.

6 (22) Any loss sustained as a result of the Middle River levee  
7 break in San Joaquin County occurring in June 2004.

8 (23) Any losses sustained as a result of the fires that occurred  
9 in the Counties of Los Angeles, San Bernardino, Riverside, San  
10 Diego, and Ventura in October and November 2003, or as a  
11 result of floods, mudflows, and debris flows, directly related to  
12 fires.

13 (24) Any losses sustained in the Counties of Santa Barbara and  
14 San Luis Obispo as a result of the San Simeon earthquake,  
15 aftershocks, and any other related casualties.

16 (25) Any losses sustained as a result of the wildfires that  
17 occurred in Shasta County, commencing August 11, 2004, and  
18 any other related casualty.

19 (26) Any loss sustained in the Counties of Kern, Los Angeles,  
20 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,  
21 and Ventura as a result of the severe rainstorms, related flooding  
22 and slides, and any other related casualties, that occurred in  
23 December 2004, January 2005, February 2005, March 2005, or  
24 June 2005.

25 (27) Any loss sustained in the Counties of ~~Del Norte,~~  
26 ~~Humboldt, Lake, Mendocino, Napa, Sonoma, and Trinity~~  
27 ~~Alameda, Alpine, Amador, Butte, Colusa, Contra Costa, Del~~  
28 ~~Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen,~~  
29 ~~Marin, Mendocino, Napa, Nevada, Placer, Plumas, Sacramento,~~  
30 ~~San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta,~~  
31 ~~Sierra, Siskiyou, Solano, Sonoma, Sutter, Trinity, Tulare, Yolo,~~  
32 ~~and Yuba~~ as a result of the severe rainstorms, related flooding  
33 and slides, and any other related casualties, that occurred in  
34 December 2005 or January 2006.

35 (b) (1) In the case of any loss allowed under Section 165 of  
36 the Internal Revenue Code, relating to losses, any excess disaster  
37 loss shall be carried forward to each of the five taxable years  
38 following the taxable year for which the loss is claimed.  
39 However, if there is any excess disaster loss remaining after the  
40 five-year period, then the applicable percentage, as set forth in

paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to ~~(26)~~ (27), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

~~SEC. 8.~~

SEC. 7. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that, as a result of Section 4 of this act, are required by Section 25 of Article XIII of the California Constitution.



~~SEC. 9.~~

*SEC. 8.* The Legislature finds and declares that this act fulfills a statewide public purpose because of all of the following:

(a) The Governor of California has officially proclaimed a state of emergency declaring that the severe rainstorms, flash floods, mudslides, the accumulation of debris, and washed-out and damaged roads, that occurred within the Counties of ~~Del Norte, Humboldt, Lake, Mendocino, Napa, Sonoma, and Trinity~~ during December 2005 and January 2006, were natural disasters; *Alameda, Alpine, Amador, Butte, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Marin, Mendocino, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Trinity, Tulare, Yolo, and Yuba, commencing December 19, 2005, were natural disasters*, thus qualifying affected persons for various forms of governmental assistance and relief.

~~(b) The Governor of California has officially proclaimed a state of emergency, declaring that the continuing severe rainstorms, flash floods, mudslides, sinkholes, the accumulation of debris, and washed-out and damaged roads that occurred within the Counties of Del Norte, Humboldt, Lake, Mendocino, Napa, Sonoma, and Trinity were natural disaster, thus qualifying affected persons for various forms of governmental assistance and relief.~~

~~(c)~~

(b) This act is consistent with, and supplements, the proclaimed disaster assistance and relief by providing necessary fiscal assistance and tax relief to affected jurisdictions and persons to allow them to maintain essential basic services and repair damage to, and restore, their homes and businesses.

~~SEC. 10.~~

*SEC. 9.* If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

~~SEC. 11.~~

*SEC. 10.* This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety

1 within the meaning of Article IV of the Constitution and shall go  
2 into immediate effect. The facts constituting the necessity are:  
3 In order to timely provide essential relief to those persons and  
4 jurisdictions who have suffered damage or loss as a result of the  
5 series of severe rainstorms that occurred in ~~northern~~ California  
6 during December 2005 and January 2006, it is necessary that this  
7 act take effect immediately.

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